

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<b>In re:</b>  <b>W.R. GRACE &amp; CO., <i>et al.</i>,</b>  <b>Debtors.</b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Jointly Administered</b> <b>Case No. 01-01139 (KJC)</b>
---	--	--

**FEE AUDITOR’S FINAL REPORT REGARDING INTERIM VERIFIED  
APPLICATION OF VENABLE LLP FOR COMPENSATION FOR SERVICES  
AND REIMBURSEMENT OF EXPENSES FOR THE FIFTY-FIRST THROUGH  
FIFTY-SECOND QUARTERS FROM OCTOBER 1, 2013 THROUGH FEBRUARY 3,  
2014, AND FINAL VERIFIED APPLICATION OF VENABLE LLP FOR  
COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES FOR  
THE PERIOD FROM NOVEMBER 1, 2008 THROUGH FEBRUARY 3, 2014**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Verified Application of Venable LLP for Compensation for Services and Reimbursement of Expenses for the Fifty-First through Fifty-Second Quarters from October 1, 2013 through February 3, 2014, and Final Verified Application of Venable LLP for Compensation for Services and Reimbursement of Expenses for the Period from November 1, 2008 through February 3, 2014 (the “Application”).

**BACKGROUND**

1. Venable LLP (“Venable”) was retained as special litigation counsel to the Debtors and Debtor- in-Possession. In the Application, Venable seeks approval of fees and expenses as follows: fees totaling \$57,803.73 and expenses totaling \$128.87 for its services from October 1, 2013 through February 3, 2014 (the “Fifty-First through Fifty-Second Interim Periods”), and final approval

of fees totaling \$3,092,177.94<sup>1</sup> and expenses totaling \$962,108.61<sup>2</sup> for its services from November 1, 2008 through February 3, 2014 (the “Final Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

## **DISCUSSION**

### **Fifty-First through Fifty-Second Interim Periods**

3. We have no issues with, or objections to, Venable’s fees and expenses for the Fifty-First through Fifty-Second Interim Periods, and thus we did not send an initial report to Venable.

---

<sup>1</sup>We note that the total of the fees requested in Venable’s six prior fee applications, plus the compensation sought for the Fifty-First through Fifty-Second Interim Periods, is \$3,099,107.44. It does not appear that Venable has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$3,092,177.94. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

<sup>2</sup>We note that the total of the expenses requested in Venable’s six prior fee applications, plus the expenses sought for the Fifty-First through Fifty-Second Interim Periods, is \$962,108.61. It does not appear that Venable has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$962,108.61. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

4. Thus, we recommend approval of \$57,803.73 in fees and \$128.87 in expenses for Venable's services for the Fifty-First through Fifty-Second Interim Periods.

**Prior Interim Applications**

5. We note that we previously filed the following final reports for Venable's prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Venable's prior interim fee applications:

33<sup>rd</sup> Period: Fee Auditor's Final Report Regarding Fee Application of Venable LLP for the Thirty-First, Thirty-Second, and Thirty-Third Interim Periods (Docket #23845), filed on or about November 24, 2009, in which we recommended approval of fees totaling \$706,595.00 and expenses totaling \$6,405.06, reflecting our recommended reduction of \$2,699.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Third Period, dated December 11, 2009 (Docket #23996).

34<sup>th</sup> Period: Fee Auditor's Final Report Regarding Interim Application of Venable, LLP for Compensation for Services and Reimbursement of Expenses for the Thirty-Fourth Quarter from July 1, 2009 through September 30, 2009 (Docket #24354), filed on or about February 25, 2010, in which we recommended approval of fees totaling \$491,292.50 and expenses totaling \$295,440.39, reflecting our recommended reduction of \$249.00 in fees, as further explained in paragraph 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-

Fourth Period, dated March 19, 2010 (Docket #24470).

- 35<sup>th</sup> Period: Fee Auditor's Final Report Regarding Interim Fee Application of Venable, LLP for the Thirty-Fifth Quarter from October 1, 2009 through December 31, 2009 (Docket #24856), filed on or about May 28, 2010, in which we recommended approval of fees totaling \$1,179,018.46 and expenses totaling \$538,269.54, reflecting our recommended reduction of \$3,981.50 in fees, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fifth Period, dated June 7, 2010 (Docket #24917).
- 36<sup>th</sup> Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Sixth Interim Period (Docket #25384), filed on or about September 10, 2010, in which we recommended approval of fees totaling \$436,188.75 and expenses totaling \$116,265.17. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Sixth Period, dated September 13, 2010 (Docket #25397).
- 37<sup>th</sup> Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fortieth Interim Period (Docket #27507), filed on or about August 25, 2011, in which we recommended approval of fees totaling \$11,500.00 and expenses totaling \$165.52. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fortieth Period, dated September 20, 2011

(Docket #27622).

38th – 51st Periods: Fee Auditor's Final Report Regarding Interim Fee Application of Venable LLP for the Thirty-Eighth through Fiftieth Quarters from July 1, 2010 through September 30, 2013 (Docket #32209), filed on or about May 20, 2014, in which we recommended approval of fees totaling \$209,384.77 and expenses totaling \$5,245.41, reflecting our recommended reductions of \$394.73 in fees and \$188.65 in expenses, as further explained in paragraphs 3 and 6 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifty-First Period, dated May 23, 2014 (Docket #32216).

6. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods.

### CONCLUSION

7. Thus, we recommend final approval of \$3,091,783.21 in fees (\$3,092,177.94<sup>3</sup> minus

---

<sup>3</sup>We note that the total of the fees requested in Venable's six prior fee applications, plus the compensation sought for the Fifty-First through Fifty-Second Interim Periods, is \$3,099,107.44. It does not appear that Venable has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$3,092,177.94. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

\$394.73)<sup>4</sup> and \$961,919.96 in expenses (\$962,108.61<sup>5</sup> minus \$188.65)<sup>6</sup> for Venable's services for the Final Application Period.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**



By: \_\_\_\_\_

Warren H. Smith

Texas State Bar No. 18757050

2235 Ridge Road, Suite 105

Rockwall, TX 75087

214-698-3868

214-722-0081 (fax)

whsmith@whsmithlaw.com

**FEE AUDITOR**

---

<sup>4</sup>This is the amount of the Court-approved reduction for the Thirty-Eighth through Fiftieth Interim Periods, not previously deducted by Venable. *See* paragraph 5.

<sup>5</sup>We note that the total of the expenses requested in Venable's six prior fee applications, plus the expenses sought for the Fifty-First through Fifty-Second Interim Periods, is \$962,108.61. It does not appear that Venable has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$962,108.61. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

<sup>6</sup>This is the amount of the Court-approved reduction for the Thirty-Eighth through Fiftieth Interim Periods, not previously deducted by Venable. *See* paragraph 5.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 24th day of July, 2014.

A handwritten signature in blue ink, appearing to read "W-H Smith", is positioned above a horizontal line.

---

Warren H. Smith

**SERVICE LIST**

Notice Parties

**The Applicant**

Darek S. Bushnaq  
VENABLE LLP  
750 E. Pratt Street, Suite 900  
Baltimore, MD 21202

**The Debtors**

Richard Finke  
Assistant General Counsel  
W.R. Grace & Co.  
7500 Grace Drive  
Columbia, MD 21044

**United States Trustee**

Richard Schepacarter  
Office of the United States Trustee  
844 King Street, Lockbox 35, Room 2207  
Wilmington, DE 19801

**Counsel for the Debtors**

John Donley  
Adam Paul  
Kirkland & Ellis LLP  
300 North LaSalle Street  
Chicago, IL 60654

Laura Davis Jones, Esq.  
James E. O'Neill  
Pachulski Stang Ziehl & Jones LLP  
919 North Market Street, 17th Floor  
P.O. Box 8705  
Wilmington, DE 19899-8705

**Counsel to the Official Committee of  
Unsecured Creditors**

Denise Wildes  
Kenneth Pasquale  
Stroock & Stroock & Lavan  
180 Maiden Lane  
New York, NY 10038-4982

Michael R. Lastowski, Esq.  
Duane Morris LLP  
222 Delaware Avenue, Suite 1600  
Wilmington, DE 19801

**Counsel to the Official Committee of Property  
Damage Claimants**

Scott L. Baena  
Jay Sakalo  
Bilzin, Sumberg, Baena, Price & Axelrod  
1450 Brickell Avenue, Suite 2300  
Miami, FL 33131

Michael B. Joseph  
Theodore J. Tacconelli  
Lisa Coggins  
Ferry & Joseph, P.A.  
824 Market Street, Suite 904  
Wilmington, DE 19801

**Counsel to the Official Committee of Personal  
Injury Claimants**

Elihu Inselbuch  
Rita Tobin  
Caplin & Drysdale  
600 Lexington Avenue, 21<sup>st</sup> Floor  
New York, NY 10022-6000

Marla R. Eskin  
Mark Hurford  
Kathleen Campbell Davis  
Campbell & Levine, LLC  
222 Delaware Avenue, Suite 1620  
Wilmington, DE 19801

**Counsel to the Official Committee of Equity  
Holders**

Philip Bentley  
David E. Blabey, Jr.  
Kramer Levin Naftalis & Frankel  
1177 Avenue of the Americas  
New York, NY 10036



Teresa K.D. Currier  
Saul Ewing LLP  
222 Delaware Avenue  
P.O. Box 1266  
Wilmington, DE 19899